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UNITED STATES  
NDEXCHANGE COMMISSION  
hington, D.C. 20549

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## OMB APPROVAL

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FORM X-17A-5  
PART III

## SEC FILE NUMBER

8-42793

## FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 ThereunderREPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Euro-American Equities, Inc

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

4327 Forest Ave SE

(No. and Street)

Mercer Island, WA 98040

(City)

(State)

(Zip Code)

## NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Thomas D. Chenoweth

206-323-9290

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

## INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ryan Jorgenson &amp; Limoli, P.S.

(Name - if individual, state last, first, middle name)

7525 Pioneer Way, Suite 201

(Address)

Gig Harbor, WA 98335

(City)

(State) (Zip Code)

## CHECK ONE:

☒ Certified Public Accountant☐ Public Accountant☐ Accountant not resident in United States or any of its possessions.

PROCESSED

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FINANCIALSEC  
Mail Processing  
Section

FEB 28 2008

Washington, DC  
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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## OATH OR AFFIRMATION

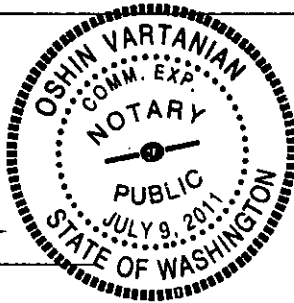
I, Thomas D. Chenoweth, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Euro-American Equities, Inc., as of December 31, 2008, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

  
Notary Public



Thomas D. Chenoweth  
Signature  
President  
Title

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☒ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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CERTIFIED PUBLIC ACCOUNTANTS

RYAN JORGENSEN & LIMOLI, P.S.

ROBERT M. RYAN, CPA  
MARC A. JORGENSEN, CPA  
SCOTT M. LIMOLI, CPA/ABV

## INDEPENDENT AUDITORS' REPORT

February 8, 2008

To the Board of Directors  
Euro-American Equities, Inc.  
Mercer Island, Washington

We have audited the accompanying balance sheets of Euro-American Equities, Inc. (the Company) as of December 31, 2007 and 2006, and the related statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Euro-American Equities, Inc. as of December 31, 2007 and 2006 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information presented on pages 8 through 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplemental information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ryan Jorgensen & Limoli, P.S.*

Ryan Jorgensen & Limoli, P.S.  
Gig Harbor, Washington

**EURO- AMERICAN EQUITIES, INC.**  
**BALANCE SHEETS**  
**DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
<b>Assets</b>		
Cash and equivalents	\$ 18,870	\$ 6,064
Securities (at cost plus unrealized gain of \$8,988 and \$4,437)	29,825	9,237
Equipment (at cost, less accumulated depreciation of \$717 and \$478)	241	480
Commissions receivable	78	475
	<u>49,014</u>	<u>16,256</u>
Total Assets	<u>49,014</u>	<u>16,256</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Income taxes payable	\$ 4,229	\$ -
Deferred taxes payable	683	-
	<u>4,912</u>	<u>-</u>
Total Liabilities	4,912	-
<b>Stockholders' Equity</b>		
Common stock, no par, 1,000 shares issued and outstanding	5,000	5,000
Accumulated other comprehensive gain	8,988	4,437
Additional paid-in capital	23,559	23,559
Retained earnings	6,555	(16,740)
	<u>44,102</u>	<u>16,256</u>
Total Stockholders' Equity	44,102	16,256
Total Liabilities and Stockholders' Equity	<u>\$ 49,014</u>	<u>\$ 16,256</u>

The accompanying notes are an integral part of these financial statements

**EURO- AMERICAN EQUITIES, INC.**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDING DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>REVENUES</b>		
Commissions and fees earned	\$ 41,738	\$ 60,453
NASD rebate	35,000	-
Dividends and interest	1,494	285
Total Revenues	<u>78,232</u>	<u>60,738</u>
<b>EXPENSES</b>		
Rent	22,000	22,000
Commission expense	15,968	25,111
Professional fees	3,500	3,500
Telecommunications	3,163	3,069
Travel and auto	2,146	2,498
Utilities	1,532	1,151
NASD assessments	325	585
Licenses and permits	244	232
Postage	241	272
Office expense	240	362
Depreciation and amortization	239	1,064
Printing	195	-
Dues and subscriptions	147	94
Bank service charges	60	68
Continuing education	25	-
Total Expenses	<u>50,025</u>	<u>60,006</u>
<b>INCOME BEFORE FEDERAL INCOME TAXES</b>	28,207	732
Provision for income taxes	4,912	-
<b>NET INCOME</b>	<u>23,295</u>	<u>732</u>
Other comprehensive income, unrealized gain on available-for-sale securities, net of deferred tax liability	3,868	4,437
Net effect on other comprehensive income from unrealized gains	3,868	4,437
<b>COMPREHENSIVE INCOME</b>	<u><u>\$ 27,163</u></u>	<u><u>\$ 5,169</u></u>

The accompanying notes are an integral part of these financial statements

**EURO- AMERICAN EQUITIES, INC.**  
**STATEMENTS OF STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>Capital Stock</b>		
Balance, beginning of year	\$ 5,000	\$ 5,000
Additional shares issued or retired	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>
 <b>Additional Paid In Capital</b>		
Balance, beginning of year	\$ 23,559	\$ 23,559
Additions during year	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 23,559</u>	<u>\$ 23,559</u>
 <b>Retained Earnings</b>		
Balance, beginning of year	\$ (16,740)	\$ (17,472)
Dividends paid	<u>-</u>	<u>-</u>
Net income (loss)	<u>23,978</u>	<u>732</u>
Balance, end of year	<u>\$ 7,238</u>	<u>\$ (16,740)</u>
 <b>Accumulated Other Comprehensive Income</b>		
Balance, beginning of year	\$ -	\$ -
Comprehensive income	<u>4,551</u>	<u>4,437</u>
Balance, end of year	<u>\$ 4,551</u>	<u>\$ 4,437</u>

The accompanying notes are an integral part of these financial statements

**EURO- AMERICAN EQUITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 23,295	\$ 732
Adjustments to reconcile net income (loss) to net cash provided by (used by) operating activities:		
Depreciation and amortization	239	1,064
(Increase) decrease in accounts receivable	397	(234)
(Increase) decrease in prepaid expense	-	-
Increase (decrease) in federal tax payable	4,229	-
Increase (decrease) in deferred tax liability	683	-
	<u>28,843</u>	<u>1,562</u>
Net cash provided by operating activities		
	<u>28,843</u>	<u>1,562</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of marketable securities	(16,037)	(4,800)
	<u>12,806</u>	<u>(3,238)</u>
Net increase (decrease) in cash and cash equivalents		
	<u>6,064</u>	<u>9,302</u>
Cash and cash equivalents at beginning of year		
	<u>\$ 18,870</u>	<u>\$ 6,064</u>
Cash and cash equivalents at end of year		
	<u>\$ 18,870</u>	<u>\$ 6,064</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ -	\$ -
Income taxes paid	4,229	-
Non-cash investing activities:		
Income on securities included in comprehensive income	\$ 4,551	\$ 4,437

The accompanying notes are an integral part of these financial statements



**EURO-AMERICAN EQUITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF BUSINESS**

Euro-American Equities, Inc. was formed on June 20, 1990 and is engaged in the general securities business as a broker/dealer with the Securities and Exchange Commission. It is a member of the National Association of Security Dealers. The Company's clients are a diverse group of individuals with no concentration in any sector or region.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FEDERAL INCOME TAX**

The Company is subject to tax under the Internal Revenue Code and is taxed as a Corporation. The Company accounts for income taxes using the asset and liability approach. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable and deductible amounts in the future based on enacted laws and rates applicable to the period in which the differences are expected to affect taxable income. The differences relate primarily to unrealized gains or losses of investment securities. Income tax expense is tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

**CASH AND CASH EQUIVALENTS**

For the purposes of the comparative statements of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less to be cash equivalents.

**COMMISSIONS RECEIVABLE**

No provision for losses on receivable commissions is provided as all commissions are deemed to be collectible.

**MARKETABLE EQUITY SECURITIES**

Available-for-sale securities consist of marketable equity securities not classified as trading securities. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses are reported as a separate component of stockholders' equity and as comprehensive income. Dividends on marketable equity securities are recognized in income when declared. Realized gains and losses are included in income and are determined on the basis of the actual costs of the securities sold.

**PROPERTY AND EQUIPMENT**

All newly acquired property and equipment is recorded at cost. Depreciation is provided using the accelerated method over the estimated useful lives of the assets. The estimated useful lives are 5 years for equipment.

**EURO-AMERICAN EQUITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**ADVERTISING**

The Company expenses the production costs of advertising the first time the advertising takes place, except for the direct-response advertising, which is capitalized and amortized over its expected period of future benefits.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

All of the Company's revenue is generated from financial products sold by the shareholders of the Company. Commissions paid or accrued to these shareholders during 2007 and 2006 were \$15,968 and \$25,111, respectively.

In January 2004, the Company entered into a month-to-month lease agreement for office space located at 4327 Forest Avenue, Mercer Island, WA from one of the shareholders. The monthly lease payment is \$1,833.

**NOTE 3 - INCOME TAXES**

The provision for income taxes consists of the following components:

	<u>2007</u>	<u>2006</u>
Current taxable income	\$ 4,229	\$ 732
Tax benefit of net operating loss carry forward	-	(732)
Deferred tax liability	683	
Provision for income taxes	<u>\$ 4,912</u>	<u>\$ -</u>

**NOTE 4 - INVESTMENTS**

As part of a securities offering, the Corporation purchased warrants to acquire 1200 shares of the NASDAQ Stock Market, Inc. As of December 31, 2005 nine hundred of the warrants had expired. These warrants had no readily determinable fair market value and are shown at cost on the financial statements. The remaining three hundred warrants were exercised in June 2006.

The Company owns investments securities classified as available-for-sale. The unrealized gains are reported as accumulated other comprehensive income in stockholders' equity and the statement of comprehensive income.

The following is a summary of available-for-sale securities at December 31:

	<u>2007</u>	<u>2006</u>
Common stock, at cost	\$ 4,800	\$ 4,800
Mutual funds, at cost	16,037	-
Total investments, at cost	<u>20,837</u>	<u>4,800</u>
Cumulative unrealized gains	8,988	4,437
Carrying value	<u>\$ 29,825</u>	<u>\$ 9,237</u>

**EURO-AMERICAN EQUITIES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

**NOTE 5 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c3-1), which requires the maintenance of \$5,000 minimum net capital. At December 31, 2007, and 2006 the Company had a net capital of \$43,233 and \$13,892, respectively.

**EURO- AMERICAN EQUITIES, INC.**  
**SUPPLEMENTARY INFORMATION**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1**  
**DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Total stockholders' equity per balance sheet	\$ 44,102	\$ 16,256
Deduct ownership equity not allowed for net capital	-	-
Total ownership equity qualified for net capital	\$ 44,102	\$ 16,256
Deductions and/or charges:		
Office equipment, net	(241)	(480)
Other deductions	(89)	(89)
Haircuts on other securities	(5,461)	(1,795)
Net capital	<u>\$ 38,311</u>	<u>\$ 13,892</u>

**EURO- AMERICAN EQUITIES, INC.**  
**SUPPLEMENTARY INFORMATION**  
**RECONCILIATION BETWEEN AUDITED NET CAPITAL**  
**AND UNAUDITED NET CAPITAL (FOCUS REPORT)**  
**DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Unaudited net capital under 15c3-1 (FOCUS Report)	\$ 38,311	\$ 13,892
Audit Adjustments	-	-
Audited net capital under rule 15c3-1	<u>\$ 38,311</u>	<u>\$ 13,892</u>
Audited net capital under rule 15c3-1	\$ 38,311	\$ 13,892
Minimum net capital required	5,000	5,000
Excess net capital	<u>\$ 33,311</u>	<u>\$ 8,892</u>

**Note:**

No material differences between audited net capital and broker dealer's corresponding focus report



ROBERT M. RYAN, CPA  
MARC A. JORGENSON, CPA  
SCOTT M. LIMOLI, CPA/ABV

**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5 FOR A BROKER-DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15C3-3**

February 8, 2008

Board of Directors  
Euro-American Equities, Inc.

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Euro-American Equities, Inc. (the Company), for the year ended December 31, 2007 and 2006, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 and 2006, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Ryan Jorgenson & Limoli, P.S.*

Ryan Jorgenson & Limoli, P.S.  
Gig Harbor, Washington

**END**